



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

September 30, 2014

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#62 OF SEPTEMBER 30, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVAL OF AMENDMENT NUMBER 3 TO AGREEMENT #76936 FOR MAINTENANCE AND OPERATIONS OF LA PLAZA DE CULTURA Y ARTES WITH THE LA PLAZA DE CULTURA Y ARTES FOUNDATION (FIRST DISTRICT) (3 VOTES)

SUBJECT

The recommended action amends the existing Maintenance and Operating Agreement with LA Plaza de Cultura y Artes Foundation to increase the County's annual base funding to reflect growth in facilities and programs at LA Plaza de Cultura y Artes.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached Amendment No. 3 (Amendment) to the Maintenance and Operating Agreement (Agreement) with LA Plaza de Cultura y Artes Foundation (Foundation), a non-profit group responsible for overseeing the operation of LA Plaza de Cultura y Artes (Cultural Center), to increase the base amount of the County's funding obligation by \$1.0 million annually. The Amendment will support the continued successful operation of the County-owned Cultural Center.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Board's approval of this Amendment will increase the base year funding contribution by the County by \$1.0 million, to be adjusted annually by the Consumer Price Index (CPI) [not to exceed five percent]; and will continue an annual Foundation matching contribution requirement in an amount equal to eighty percent (80%) of the annually adjusted County Contribution.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

"To Enrich Lives Through Effective And Caring Service"

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Intra-County Correspondence Sent Electronically Only**

Under the current Agreement, as amended in July 2012 and June 2014, the County agreed to provide a consistent funding base and an annual CPI based adjustment and established a funding match requirement from the Foundation for its maintenance and operation of the cultural center. All maintenance and operation costs are paid directly by the Foundation.

The current Agreement outlines the County's oversight and approvals generally and as it relates to any concession, other subcontracts or subleases, prices, and rules and regulations governing the day-to-day operations and maintenance of the Cultural Center. This Amendment does not diminish the County's oversight.

Implementation of Strategic Plan Goals

The recommended action supports the County's Strategic Plan Goal of Fiscal Sustainability by supporting activities related to the investment in public infrastructure and programs.

FISCAL IMPACT/FINANCING

The Amendment establishes a base year funding amount of \$2.53 million in net County cost, equal to the amount included in the County Supplemental Budget for fiscal year 2014-15. This Amendment does not change the Foundation requirement to provide an annual matching contribution in an amount equal to eighty percent (80%) of the annually adjusted County contribution.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Lease Agreement (Lease), approved in 2004 with the Foundation, is authorized by Government Code Section 26227 which permits the County to lease its property to a nonprofit corporation in the furtherance of programs meeting the social needs of the County. This Amendment No. 3, Amendment No. 2, Amendment No. 1 and the original Agreement executed in 2009, satisfy the Lease requirement to return to the Board with maintenance and operating agreements detailing the respective obligations of the parties for those services.

Supervisor Molina currently serves as a member of the Board of Directors of the Foundation. The directors of the Foundation do not benefit financially from serving in this position. As the Foundation's primary purpose is to support the Board in the rehabilitation and development of the El Pueblo properties, County Counsel has advised that the conflict of interest laws would not preclude the County from entering into this amendment to the operating and maintenance agreement with the Foundation. Further, the laws would not limit Supervisor Molina's ability to participate in the County's discussions or decisions regarding the agreement provided her affiliation with the Foundation is noted in the official record at the time of any decision.

The Amendment is in compliance with all Board and Chief Executive Office requirements and has been approved as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no negative impact to current services. Approval of Amendment No. 3 will ensure the continuance of affordable, quality cultural experiences and life-long learning opportunities for the community, as well as bolster the Foundation's ability to increase its base of private support through enhanced donor and investor confidence.

ENVIRONMENTAL IMPACT REPORT

In 2004, the Board certified a Final Environmental Impact Report (EIR) for the Plaza Project and in 2010 approved an Addendum to the previously certified EIR. The recommended funding actions are within the scope of the previously certified EIR and Addendum.

In addition, the proposed action is not a project pursuant to the California Environmental Quality Act (CEQA) because it is a government funding mechanism with no commitment to any specific project with a physical impact on the environment and is excluded from the definition of a project by Section 15378 of the State CEQA Guidelines.

CONCLUSION

It is requested that the Executive Officer-Clerk of the Board return four (4) confirmed copies of the Board's action to the Operations Cluster of the Chief Executive Office.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SHK:
GS:BM:cg

Attachment

c: Executive Office, Board of Supervisors
County Counsel
LA Plaza de Cultura y Artes Foundation

LA Plaza de Cultura y Artes Maintenance and Operations Agreement Amendment No. 3

This Amendment Number 3 ("Amendment"), effective as of September 30, 2014 of the Maintenance and Operations Agreement ("M&O Agreement"), dated as of February 9, 2009, is made and entered into by the County of Los Angeles, by and through its Chair ("County"), and LA Plaza de Cultura y Artes Foundation ("Foundation"), a California non-profit corporation ("Foundation"), and collectively the "Parties", concerning the operation and maintenance of LA Plaza de Cultura y Artes ("Cultural Center").

RECITALS

WHEREAS, County owns certain real property ("the Site"), more particularly described in Exhibit 1 to the Lease Agreement as defined, located in the El Pueblo de Los Angeles Historic District with the City of Los Angeles as well as certain real property to the west and adjacent to the Site, more particularly described in Exhibit 2 to the Lease Agreement as defined;

WHEREAS, in furtherance of the Museum and Government Code Section 26227, County leased the Site and its existing improvements to the Foundation for the Museum as set out in the LA Plaza de Cultura y Artes Lease Agreement dated November 4, 2004, and incorporated by reference;

WHEREAS, pursuant to California Government Code Section 26227, the County may contract with private nonprofit agencies to operate programs to meet the social needs of the County which the Board of Supervisors determines will serve public purposes;

WHEREAS, pursuant to California Government Code Section 26227, the County may lease its real property to a nonprofit corporation in furtherance of programs which meet the social needs of the County upon terms and conditions determined by the Board of Supervisors to be in the best interest of the County and the general public;

WHEREAS, Foundation is a nonprofit corporation uniquely qualified to manage the operation of the Cultural Center;

WHEREAS, the Lease Agreement provides for a division of maintenance and operations responsibilities between the County and Foundation, and provides in Section 8.3 that a M & O Agreement shall be executed by County and Foundation to set forth the respective obligations in detail;

WHEREAS, the County and Foundation executed such a M & O Agreement in accordance with the Lease in 2009, and with the subsequent opening and operation of the Cultural Center, wish to refine and update the terms by amendment of the M & O Agreement;

WHEREAS, the County and the Foundation entered into that certain Amendment No. 1 to the M&O Agreement, dated July 31, 2012 ("Amendment No. 1"), which established the base amount of the County's funding obligation under the M&O Agreement to the sum of one million dollars (\$1,000,000), to be adjusted annually by a specified Consumer Price Index, and established a Foundation obligation to match the annual adjusted County Contribution with at least an eighty percent (80%) match.

WHEREAS, pursuant to Subsection (e) of Section 7 of the M&O Agreement, the base amount of the County's funding obligation is adjusted annually in accordance with the percentage increase or decrease, if any, in the Consumer Price Index – All Urban Consumers (Los Angeles, Anaheim, Riverside area) ("CPI") (not to exceed five percent);

WHEREAS, as of July 1, 2013, the base amount of the County's funding obligation for fiscal year July 1, 2013 – June 30, 2014 ("Fiscal Year 2014") increased by nineteen thousand dollars (\$19,000) pursuant to the CPI adjustment required by Subsection (e) of Section 7 of the M&O Agreement, for a total base amount for Fiscal Year 2014 of one million nineteen thousand dollars (\$1,019,000);

WHEREAS, as of July 1, 2014, the base amount of the County's funding obligation for fiscal year July 1, 2014 – June 30, 2015 ("Fiscal Year 2015") increased by eleven thousand dollars (\$11,000) pursuant to the CPI adjustment required by Subsection (e) of Section 7 of the M&O Agreement, for a total base amount for Fiscal Year 2015 of one million thirty thousand dollars (\$1,030,000);

WHEREAS, on June 23, 2014, the base amount of the County's funding obligation for fiscal year July 1, 2014 – June 30, 2-015 ("Fiscal Year 2015") increased by five hundred thousand dollars (\$500,000) pursuant to Amendment No. 2 of the M&O Agreement, for a total base amount for Fiscal Year 2015 of one million five hundred and thirty thousand dollars (" \$1,530,000"); and

WHEREAS, the County and the Foundation wish to increase the base amount of the County's funding obligation under the M&O Agreement for Fiscal Year 2015 by an additional one million dollars (\$1,000,000), for a total base amount for Fiscal year 2015 of two million five hundred thirty thousand dollars (\$2,530,000).

NOW, THEREFORE, in consideration of the performance of the mutual promises herein contained at the time and in the manner specified, and for the other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree that the following Sections shall be amended as follows:

I. Subsection (d) of Section 7 (Budget Process) of the M&O Agreement (Base Year Amount), which subsection was added by Amendment No. 1, is amended to read as follows:

The County Contribution for the Base Year shall be one million dollars (\$1,000,000), which is the net County cost included in the final County budget as adopted for the 2011-12 fiscal year. The County Contribution for the 2012-13 and 2013-14 fiscal years were adjusted pursuant to the Agreement. The County Contribution for fiscal year 2014-15 (fiscal year 2015) was increased, pursuant to Amendment No. 2, by \$500,000 over the adjusted County Contribution for a total County Contribution of one million five hundred thirty thousand dollars (\$1,530,000). The County Contribution for fiscal year 2014-15 (fiscal year 2015) shall be increased by \$1,000,000 over the adjusted County Contribution for a total County Contribution of two million five hundred thirty thousand dollars (\$2,530,000).

The Foundation Contribution, as defined in Section 7(f) of this Agreement, shall be calculated based on the adjusted annual County Contribution. For example, for fiscal year 2015, the Foundation Contribution is 80% of \$2,530,000, or \$2,024,000.

- II. Incorporation of Lease Agreement and Document Priority Section 20 of the M&O Agreement is amended to read as follows: The Lease Agreement between the parties to this Amendment covers the agreement of the Parties in most respects and is incorporated by reference as if set out herein. In the event of conflict between the Lease Agreement and the M&O Agreement as amended, the Lease Agreement will apply; in the event of conflict between this Amendment No. 3 and the M&O Agreement as amended by Amendment No. 1 and No. 2, this Amendment No. 3 will apply.
- III. Except as expressly set forth in this Amendment No. 3 to the M&O Agreement, the M&O Agreement, Amendment No. 1, and Amendment No. 2 thereto, shall remain in full force and effect.

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IN WITNESS WHEREOF, the Foundation has executed the Amendment, or caused it to be duly executed by its authorized representative(s) on the date indicated below, and the County, by order of its Board of Supervisors has caused this Amendment to be executed on its behalf by the Chair of said Board and attested by the Executive Officer – Clerk of the Board of Supervisors thereof effective the date of approval of the Board of Supervisors.

THE COUNTY OF LOS ANGELES

LA PLAZA DE CULTURA Y ARTES
FOUNDATION

By



Chair of the Board of Supervisors

By

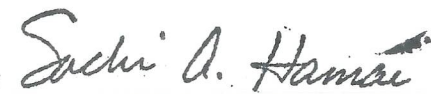


Executive Director of the Foundation

ATTEST:

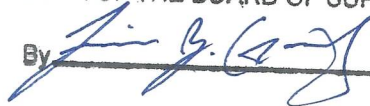
SACHI HAMAI
Executive Officer
Clerk of the Board of Supervisors

By



ATTEST: SACHI A. HAMAI
EXECUTIVE OFFICER
CLERK OF THE BOARD OF SUPERVISORS

By



Deputy

APPROVED AS TO FORM:

RICHARD D. WEISS
Acting County Counsel

By



HELEN S. PARKER
Principal Deputy County Counsel

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

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SEP 30 2014


SACHI A. HAMAI
EXECUTIVE OFFICER